

# TIPPECANOE COUNTY TREASURER NEWSLETTER



*April 18, 2008*

## *Property Tax Circuit Breakers*

As you are well aware, the Indiana General Assembly has spent considerable time discussing property tax and ways to reduce these taxes. The Circuit Breaker Property Tax Credit is one mechanism created to set an upper limit for your property tax amounts.

Circuit Breaker Credit percentages are being phased in over the next few years and percentages for the different by property types. For taxes due in 2008, the only property class eligible for a Circuit Breaker Credit is properties receiving a Homestead Credit on the 2008 tax bill. Other classes of property are eligible beginning with taxes due in 2009.

<i>Credit Percentages by Payment Year</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Homestead Properties	2.0%	1.5%	1.0%
Second Homes & Short Term Rentals	N/A	3.5%	3.0%
Other Residential & Agriculture	N/A	2.5%	2.0%
All Other Property Types	N/A	3.5%	3.0%

The percentage creates maximum property tax limits which can be billed for a given year compared to the gross assessed valuation of the property. For 2008, the School General Fund property tax rate is outside the Circuit Breaker limit. Since the School General Fund rate has been removed beginning in 2009, that exemption is not applicable after this year.

Additionally, a 2% annual maximum property tax increase was set for those persons over the age of 65 with an adjusted gross income of \$30,000 on a single return or \$40,000 on a joint return with a Homestead Credit and gross assessed valuation that does not exceed \$160,000.

If a house has a gross assessed valuation of \$100,000, the maximum amount of property taxes which could be billed for that house is \$1,500 in 2009 (1.5% of \$100,000). If by using the property tax rates and normal calculation procedure, the calculation came to net taxes of \$1,600, the Circuit Breaker Credit would be \$100, the bill mailed reflect a maximum amount due of \$1,500. If the bill was calculated to be \$1,250, then no Circuit Breaker Credit would apply and the bill would be sent out for \$1,250.

What then happens to the amount of taxes taken off by the Circuit Breaker? The answer is that the tax authorities who receive property taxes distributions are short by that much, with no reimbursement possible. If a substantial number of taxpayers were receiving this credit, the schools and other taxing units would certainly feel the impact of loss of property tax revenue.

The good news for the taxing units in Tippecanoe County is that our rates have been kept low so the impact to the cities and schools is very small, compared to other counties in Indiana. The next page of this newsletter shows the minimal impact we will see. Otterbein is the hardest hit (both the Town and the Library).

Annually property tax assessment is subject to change, either by annual trending or a general reassessment. Taxes will still fluctuate, even if a property is at the Circuit Breaker level. This added protection for the taxpayers is an insurance policy by setting a known upper tax limit.

Circuit Breaker Projected Impact

<b>Tippecanoe County Tax Entities</b>	<b>2008 Credit</b>	<b>2009 Credit</b>	<b>2010 Credit</b>	<b>2010 % of Levy</b>
Tippecanoe County	\$0.00	\$763.00	\$20,968.00	0.1%
Fairfield Township	\$0.00	\$2.00	\$205.00	0.1%
Jackson Township	\$0.00	\$0.00	\$2.00	0.0%
Lauramie Township	\$0.00	\$0.00	\$105.00	1.0%
Perry Township	\$0.00	\$0.00	\$28.00	0.0%
Randolph Township	\$0.00	\$0.00	\$0.00	0.0%
Sheffield Township	\$0.00	\$0.00	\$28.00	0.0%
Shelby Township	\$0.00	\$13.00	\$137.00	0.2%
Tippecanoe Township	\$0.00	\$0.00	\$52.00	0.0%
Union Township	\$0.00	\$0.00	\$30.00	0.1%
Wabash Township	\$0.00	\$0.00	\$124.00	0.0%
Washington Township	\$0.00	\$0.00	\$300.00	0.2%
Wayne Township	\$0.00	\$0.00	\$101.00	0.1%
Wayne Township	\$0.00	\$0.00	\$88.00	0.0%
Lafayette City	\$0.00	\$198.00	\$31,766.00	0.1%
West Lafayette City	\$0.00	\$0.00	\$2,517.00	0.0%
Otterbein Town	\$0.00	\$1,490.00	\$7,418.00	8.4%
Battle Ground Town	\$0.00	\$0.00	\$31.00	0.0%
Clarks Hill Town	\$0.00	\$0.00	\$185.00	0.3%
Dayton Town	\$0.00	\$0.00	\$0.00	0.0%
Shadeland Town	\$0.00	\$0.00	\$371.00	0.1%
Benton Community School Corp	\$0.00	\$2,231.00	\$13,079.00	1.0%
Lafayette School Corporation	\$0.00	\$0.00	\$23,407.00	0.1%
Tippecanoe School Corporation	\$0.00	\$184.00	\$11,347.00	0.0%
West Lafayette Community School Corp	\$0.00	\$0.00	\$2,216.00	0.0%
Otterbein Library	\$0.00	\$545.00	\$2,712.00	9.1%
West Lafayette Public Library	\$0.00	\$0.00	\$790.00	0.0%
Tippecanoe County Library	\$0.00	\$15.00	\$3,027.00	0.1%
Greater Lafayette Public Transportation	\$0.00	\$9.00	\$1,597.00	0.1%
Wildcat Creek Solid Waste District	\$0.00	\$7.00	\$184.00	0.1%
Lafayette Redevelopment Commission	\$0.00	\$9.00	\$1,499.00	0.1%
Tippecanoe Co Redevelopment Comm	\$0.00	\$0.00	\$0.00	0.0%
WL Redevelopment Commission	\$0.00	\$0.00	\$0.00	0.0%
Shadeland Redevelopment Comm	\$0.00	\$0.00	\$0.00	0.0%
Tippecanoe County Totals	\$0.00	\$5,466.00	\$124,314.00	0.1%

<b>Statewide Totals by Type</b>	<b>2008 Credit</b>	<b>2009 Credit</b>	<b>2010 Credit</b>	<b>2010 % of Levy</b>
Counties	\$615,283.00	\$28,310,920.00	\$74,375,017.00	6.1%
Townships	\$91,656.00	\$9,945,254.00	\$21,683,205.00	8.6%
Cities and Towns	\$1,692,040.00	\$96,687,956.00	\$188,088,906.00	13.2%
School Corporations	\$890,154.00	\$56,468,958.00	\$159,109,967.00	5.8%
Libraries	\$184,380.00	\$11,530,404.00	\$24,722,222.00	8.2%
Special Units	\$452,151.00	\$25,723,009.00	\$54,978,958.00	12.8%
Redevelopment Commissions	\$1,910.00	\$471,635.00	\$1,356,353.00	8.3%
State	\$1,546.00	\$0.00	\$0.00	0.0%

<b>Affected Units Count</b>	<b>2008 Credit</b>	<b>2009 Credit</b>	<b>2010 Credit</b>
Counties	47	90	92
Townships	105	729	976
Cities and Towns	102	422	562
School Corporations	106	303	338
Libraries	79	225	244
Special Units	56	130	148
Redevelopment Commissions	21	59	63